

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	22 June 2018	AGENDA ITEM NUMBER
TITLE:	LGPS: Regulatory update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – List of current developments affecting or expected to affect Scheme Administration Appendix 2 – LGPS (Amendment) Regulation 2018		

1 THE ISSUES

1.1 The purpose of this report is to update the Committee on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration. The Local Government Pension Scheme (Amendment) Regulations 2018 became operational on 14 May 2018

1.2 An updated list is included in Appendix 1 and a summary of the new regulations in Appendix 2

2 RECOMMENDATIONS

That the Committee:

2.1 Notes the current position regarding the developments that could affect the administration of the Fund.

3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates
- 3.2 Some of the issues being proposed are intended to reduce costs on certain payments employers make on early retirements
- 3.3 Any other specific areas will be reported as required

4 LGPS 2014: Amendments Regulations

- 4.1 The Amendment Regulations have been released operative from 14 May 2018 although some clarification changes have been backdated to April 2014.
- 4.2 The draft regulations with consultation was issued in May 2016 and these included sections on Fair Deal and Freedom and Choice drawdown as well as numerous adjustments to the main regulations where the initial 2014 scheme regulations were either incorrect or required clarification
- 4.3 The delay in issuing the actual regulations was due to CLG having resource difficulties and also difficulties with the Fair Deal and AVC drawdown sections
- 4.4 It was expected that further consultations on both of Fair Deal and AVC Drawdown would be forthcoming but nothing has appeared to date.
- 4.5 The Amendment Regulations were issued in April 2018 and became operative on 14 May 2018. Some clarification changes where administering authorities have been operating the regulation within its intended meaning the effective date has been backdated to 1 April 2014.
- 4.6 The section regarding Fair Deal was not included and is expected to have another consultation by the end of the year.
- 4.7 The section on Drawdown for AVCs within the regulation has now been removed as it was deemed too administratively complex and members who wish to consider this will have to transfer their AVC provision to another arrangement.
- 4.8 A breakdown of the changes is include in Appendix 2

5 Treasury Consultations on Exit Payments in the Public Sector

- 5.1 Possible movement on some before Parliament Summer recess but this is subject to parliamentary time. Others need further consultation.
- 5.2 At the same time there is also a Private Members Bill called the Public Sector Exit Payments (Limitations) Bill 2017. This was introduced into Parliament on 5 September 2017 and was originally due to have a second reading on 20 October 2017 then 1 December 2017 then 11 May 2018 then postponed again until 12 June 2018. No details of the contents of the Bill have been published.

6 Court decision Elmes v Essex [confirms Brewster case in Northern Ireland] Co-habiting Partner's Pensions without nomination form

- 6.1 As reported previously there was some disagreement as to whether the decision from Northern Ireland was overriding in England and Wales and following the

decision of *Elmes v Essex*, MHCLG have wanted to get confirmation of the Judge's recommendation

6.2 The decision has confirmed that the requirement for a nomination form is contrary to the *European Convention on Human Rights* and as a result should be disapplied.

6.3 This means that the LGPS regulations do not have to be amended and that possible affected cases that occurred between the period April 2008 – March 2014 can now be investigated; 12 such cases have been identified and letters sent to the respective partners in each. Some cases have been actioned.

7 SAB Consultation on Academies Objectives

Cross Pool Information Forum

7.1 A Forum consisting of Chairs of Pension Committees and Pension Boards has been held and the framework for the regular forums has been set with 3 members from each of the Pools and 3 from Trade Unions.

8 SAB Survey of Tier 3 Employers

8.1 Covers those Fund employers with no tax raising powers or guarantee. SAB is keen to identify the risk to LGPS Funds of default by such employers. AON Hewitt who have conducted their an initial survey for background information and are due to report to SAB in June 2018.

9 HM Treasury response on Indexation and equalisation of Guaranteed Minimum Pensions [GMP]

9.1 HM Treasury are to set up a working group in 2019.

9.2 The guidance relating to Transfer and Divorce calculations has been received from GAD following a Ministerial Directive.

10 RISK MANAGEMENT

10.1 No specific issues to consider.

11 EQUALITIES

11.1 None as this report is primarily for information only.

12 CONSULTATION

12.1 This report is primarily for information and therefore consultation is not necessary.

13 ISSUES TO CONSIDER IN REACHING THE DECISION

13.1 The issues to consider are contained in the report.

14 ADVICE SOUGHT

14.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Strategic Director or Resources) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	<p><i>Regulations and accompanying notes;</i></p> <p><i>DCLG Consultation May 2016</i></p> <p><i>DCLG Response to Draft Consultation on Amendment Regulations</i></p> <p><i>LGPS Regulations 2013</i></p> <p><i>LGPS(Amendment) Regulations 2018</i></p> <p><i>Exit Payment Consultations and Government Response</i></p> <p><i>LGA Bulletins</i></p> <p><i>Indexation and equalisation of GMP in public service pension schemes: response to the consultation</i></p>
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